

ISLANDER EAST PIPELINE COMPANY, L.L.C.  
FERC Docket No. CP01-  
Exhibit C  
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EXHIBIT C  
COMPANY OFFICIALS

Islander East Pipeline Company, L.L.C. is managed by the Members acting as a committee of the whole through its Management Committee. The Management Committee is comprised of a Representative of each of the Members. The following is a list of the current Representatives and their business addresses:

Thomas O'Connor  
Islander East Pipeline Company, L.L.C.  
5400 Westheimer Court  
Houston, TX 77056

Neil Nichols  
KeySpan Islander East Pipeline, L.L.C.  
One MetroTech Center  
Brooklyn, NY 11201

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT D**

SUBSIDIARIES AND AFFILIATES

ISLANDER EAST PIPELINE COMPANY, L.L.C.  
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EXHIBIT D  
SUBSIDIARIES AND AFFILIATIONS

Neither Islander East Pipeline Company, L.L.C., or any of its Members nor Management Committee Representatives, directly or indirectly, owns, controls, or holds with power to vote, ten percent or more of the outstanding voting securities of any other person or organized group of persons engaged in production, transportation, distribution, or sale of natural gas, or of any person or organized group of persons engaged in the construction or financing of such enterprises or operations.

Duke Energy Islander East Pipeline Company, L.L.C. ("Duke Energy I.E."), a Delaware limited liability company, is a member of the Islander East Pipeline Company, L.L.C. and has a 50% membership interest in that company. Duke Energy I.E. is a wholly-owned subsidiary of Duke Energy Gas Transmission Company, which in turn is a wholly-owned subsidiary of Duke Energy Corporation.

KeySpan Islander East Pipeline, L.L.C. ("KeySpan I.E."), a Delaware limited liability company, is a member of the Islander East Pipeline Company, L.L.C. and has a 50% membership interest in that company. KeySpan I.E. is a wholly-owned subsidiary of KeySpan Energy Development Corporation, which in turn is a wholly-owned subsidiary of KeySpan Corporation.

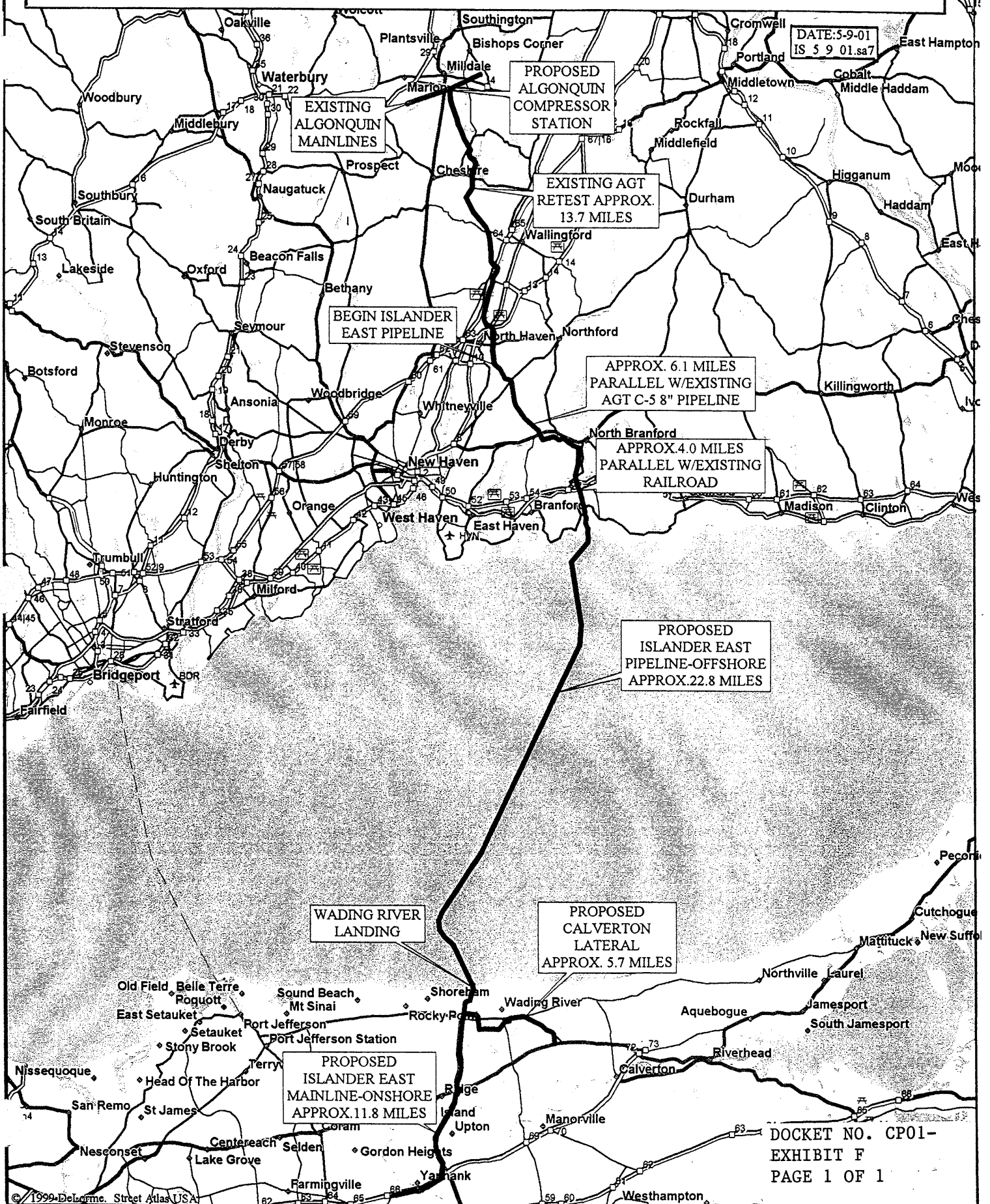
[LD9010]

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT F**

LOCATION OF FACILITIES

# ISLANDER EAST PROJECT MAP



ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT F-I**

**ENVIRONMENTAL DATA**

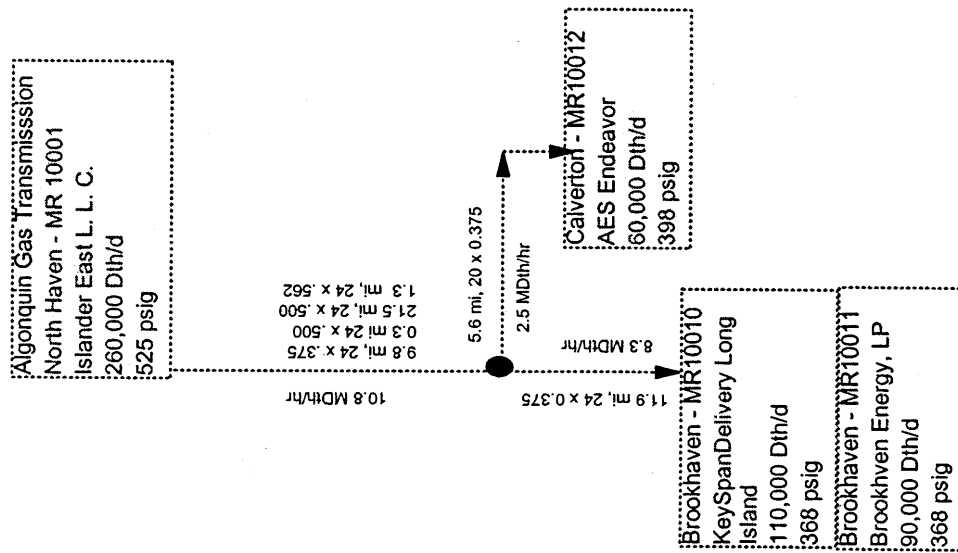
**ATTACHED AS  
VOLUME II**

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT G through G-II**

FLOW DIAGRAM DATA

# Islander East Transportation Project Flow Diagram - System Peak Day Expansion



## Legend

..... Proposed Islander  
East Facilities



EXHIBIT G-II

FEDERAL ENERGY REGULATORY COMMISSION

ISLANDER EAST ) DOCKET NO. CP - -

FLOW DIAGRAM DATA

EXPLANATION OF EXHIBITS G, G-I

ISLANDER EAST PIPELINE, L.L.C.

ENGINEERING DESIGN DATA FOR EXHIBITS G AND G-I

The Exhibit G and G-I flow diagrams show the daily system design capacity of Islander East Pipeline, L.L.C. pipeline system from the its interconnection with Algonquin Gas Transmission Company in North Haven CT to terminus points at Brookhaven NY and Calverton NY.

The statement of engineering design data for the project follows:

The Panhandle Flow Formula was used to simulate the operation depicted on Exhibit G. The formula is presented:

$$Q = 435.87 E \left\{ \frac{T_o}{P_o} \right\}^{1.07881} \left\{ \frac{P_1^2 - P_2^2}{G^{0.8539} T_f L} \right\}^{0.5394} \{d\}^{2.6182}$$

where: Q = Rate of gas flow, cubic feet per day measured at base pressure and temperature conditions of  $P_o$  and  $T_o$ , respectively

$P_o$  = Pressure base for gas measurement, PSIA

$T_o$  = Temperature base for gas measurement, degrees F absolute

E = Pipeline segment flow efficiency, decimal fraction

$P_1$  = Pipeline segment inlet pressure, PSIA

$P_2$  = Pipeline segment outlet pressure, PSIA

L = Length of pipeline segment, miles

d = Inside diameter of pipeline segment, inches

$T_f$  = Mean flowing temperature of gas in pipeline segment, degrees F absolute

G = Specific gravity of gas in pipeline segment, decimal fraction, air = 1.0

The Mean Flowing Temperatures,  $T_f$ , were calculated by the following equations:

$$T_f = T_g + \left\{ \frac{T_i - T_g}{KL} \right\} \left\{ 1 - \frac{1}{e^{KL}} \right\}$$

$$K = \frac{0.4339 U_o D}{C_p Q G}$$

where:  $T_f$  = Mean flowing temperature, degrees F

$T_i$  = Pipeline segment initial temperature, degrees F

$T_g$  = Pipeline segment ground temperature, degrees F

L = Previously defined

$U_o$  = Overall heat transfer coefficient, BTU/hour - ft<sup>2</sup> - degrees F

D = Outside diameter of pipeline segment, inches

$C_p$  = Specific heat of gas in pipeline segment at constant pressure, BTU/lb - degrees F

Q = Rate of gas flow, million cubic feet per day measured at 14.73 PSIA and 60 degrees F

G = Previously defined

e = 2.71828, base of the Napierian logarithms

The design parameters used in the above gas flow equations are as follows:

$P_o$  = 14.73 PSIA  
 $T_o$  = 60 degrees F  
 $E$  = Approximately 0.93 mainline  
 $T_i$  = Previously defined  
 $T_g$  = 60 degrees F  
 $G$  = 0.61  
 $U_o$  = 0.40  
 $C_p$  = 0.5117

Conversion factor from cubic feet to Btu = 1033 Btu/CF, it is based on gas originating from the Algonquin Gas Transmissions Company companion filing.

Proposed Facilities Description:

Pipe and fittings proposed herein would be fabricated in accordance with American Petroleum Institute Specification 5L and 5LX and any supplemental requirements of 49 CFR Part 192 ("DOT Code") and ANSI B31.8 - Gas Transmission and Distribution Piping Systems.

The piping proposed for the will be composed of the following:

PIPE SIZE		MINIMUM	MINIMUM
OUTSIDE X WALL	YIELD	TENSILE	
DIAMETER THICKNESS,		POINT,	STRENGTH,
<u>INCHES</u>		<u>PSI</u>	<u>PSI</u>
24 x 0.375		65,000	77,000
24 x 0.500		65,000	77,000
24 x 0.562		65,000	77,000

The proposed pipeline is designed for a maximum allowable operating pressure of 1000 psig. Design, installation, inspection, testing, construction, operation, replacement and maintenance of the proposed facilities will meet or exceed federal safety standards.

Applicant certifies that it will design, install, inspect, test, construct, operate and maintain the previously authorized and facilities proposed herein in accordance with Federal safety standards and plans for maintenance and inspection.

ISLANDER EAST PIPELINE COMPANY, L.L.C.

**EXHIBIT I**  
MARKET DATA

## PRECEDENT AGREEMENT

This PRECEDENT AGREEMENT ("Precedent Agreement") is made and entered into this 13<sup>th</sup> day of June, 2001, by and between Islander East Pipeline Company, L.L.C., a Delaware limited liability company ("Pipeline"), and The Brooklyn Union Gas Company, d/b/a KeySpan Energy Delivery New York, a New York corporation ("Customer"). Pipeline and Customer are sometimes referred to herein individually as a ("Party"), or collectively as the ("Parties").

### WITNESSETH:

WHEREAS, Pipeline proposes to construct an interstate natural gas transmission system, extending from an interconnection with the pipeline facilities of Algonquin Gas Transmission Company ("Algonquin") in Connecticut across the Long Island Sound to Wading River, New York, and from Wading River to Brookhaven, Calverton and other points on Long Island (the "Project");

WHEREAS, from January 29, 2001 to February 28, 2001, Pipeline conducted an open season during which interested parties submitted nominations to participate in the Project;

WHEREAS, Customer submitted a nomination during the open season and desires to obtain firm transportation service from Pipeline as part of the Project for certain quantities of Customer's natural gas; and

WHEREAS, subject to the terms and conditions of this Precedent Agreement, Pipeline is willing to endeavor to construct the Project and provide the firm transportation service Customer desires;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound, Pipeline and Customer agree to the following:

1. Subject to the terms and conditions of this Precedent Agreement, Pipeline shall proceed with due diligence to obtain from all governmental and regulatory authorities having competent jurisdiction over the premises, including, but not limited to, the Federal Energy Regulatory Commission ("FERC" or "Commission"), the authorizations and/or exemptions Pipeline determines are necessary: (i) for Pipeline to construct, own, operate, and maintain the Project facilities necessary to provide the firm transportation service contemplated herein; and (ii) for Pipeline to perform its obligations as contemplated in this Precedent Agreement. Pipeline reserves the right to file and prosecute any and all applications for such authorizations and/or exemptions, any supplements or amendments thereto, and, if necessary, any court review, in a manner it deems to be in its best interest. During the term of this Precedent Agreement, Customer expressly agrees to support and cooperate with, and to not oppose, obstruct or otherwise interfere with in any manner whatsoever, the efforts of Pipeline to obtain all authorizations and/or exemptions and supplements and amendments thereto necessary for Pipeline to construct, own, operate, and maintain the Project facilities and to provide the firm transportation service contemplated in this Precedent Agreement and to



perform its obligations as contemplated by this Precedent Agreement. Provided, however, that nothing herein shall prevent Customer from protesting any regulatory filings contemplated by this Paragraph 1 that may be inconsistent with this Precedent Agreement.

2. Within ninety (90) days after execution of this Precedent Agreement, Customer will advise Pipeline in writing of: (i) any facilities which Customer must construct, or cause to be constructed, in order for Customer to utilize the firm transportation service contemplated in this Precedent Agreement; and (ii) any necessary governmental, contractual and/or regulatory authorizations, approvals, certificates, permits and/or exemptions associated with the facilities identified pursuant to (i) above ("Customer's Authorizations").

3. Subject to the terms and conditions of this Precedent Agreement, Customer shall proceed with due diligence to obtain Customer's Authorizations. Customer reserves the right to file and prosecute applications for Customer's Authorizations, and, if necessary, any court review, in a manner it deems to be in its best interest; provided, however, Customer shall pursue Customer's Authorizations in a manner designed to implement the firm transportation service contemplated herein in a timely manner. Pipeline agrees to use reasonable efforts to assist Customer in obtaining Customer's Authorizations. Customer agrees to promptly notify Pipeline in writing when each of the required authorizations, approvals and/or exemptions are received, obtained, rejected or denied. Customer shall also promptly notify Pipeline in

writing as to whether any such authorizations, approvals, and/or exemptions received or obtained are acceptable to Customer.

4. To effectuate the firm transportation service contemplated herein, Customer and Pipeline agree to execute, within thirty (30) days after the date on which the Commission issues an order granting Pipeline a certificate of public convenience and necessity to construct the Project facilities, a firm transportation service agreement under Pipeline's proposed year-round firm service rate schedule on file with the Commission ("Service Agreement") which: (i) specifies a Maximum Daily Transportation Quantity ("MDTQ") for each year of the primary term as set forth in Exhibit A hereto (such changes to the MDTQ to be specified by Customer in writing at least six (6) months prior to the effective date of the change) (such quantities are exclusive of fuel requirements); (ii) specifies a primary term of ten (10) years; (iii) specifies a point of receipt at the proposed interconnection between Pipeline's facilities and Algonquin's pipeline facilities in Connecticut and points of delivery (aa) at the proposed interconnection between Pipeline's facilities and the facilities of KeySpan Gas East Corporation, d/b/a KeySpan Energy Delivery Long Island ("KeySpan") at or near Wading River, New York (with a minimum delivery pressure of 350 psig at such delivery point), (bb) at the proposed interconnection between Pipeline's facilities and KeySpan's facilities at or near Brookhaven, New York (with a minimum delivery pressure of 350 psig at such delivery point), and (cc) any other mutually agreeable points; and (iv) permits Customer (aa) to assign, any time prior to the Service Commencement Date, or (bb) to release, any time after the Service Commencement Date (under Pipeline's then-

effective capacity release provisions of its FERC Gas Tariff), all or any portion of such Service Agreement to any of its local gas distribution company affiliates (provided that Customer shall not be permanently discharged from its obligations under the Service Agreement, unless the assignee (or its guarantor) or replacement shipper (or its guarantor), as applicable, has an investment grade credit rating for its long-term senior unsecured debt from a recognized rating agency, or Pipeline otherwise determines, in its reasonable discretion, that the assignee or replacement shipper, as applicable, is sufficiently creditworthy to satisfy the assigned/released obligations). Service under the Service Agreement shall be subject to an NGA Section 7(c) initial rate (unless Pipeline and Customer mutually agree upon a negotiated or discounted rate), plus fuel retainage and all applicable surcharges. Service pursuant to the Service Agreement will commence on the date specified by Pipeline in its written notice to Customer pursuant to Paragraph 5 of this Precedent Agreement.

5. Upon satisfaction or waiver of all the conditions precedent set forth in Paragraph 8 of this Precedent Agreement, Pipeline shall notify Customer of such fact, and that service under the Service Agreement will commence on a date certain, which date will be the later of: (i) November 1, 2003; or (ii) the date that all of the conditions precedent set forth in Paragraph 8 of this Precedent Agreement are satisfied or waived. On and after the date on which Pipeline has notified Customer that service under the Service Agreement will commence, Pipeline will stand ready to provide firm transportation service for Customer pursuant to the terms of the Service Agreement and

Customer will pay Pipeline for all applicable charges associated with the Service Agreement.

6. Pipeline will undertake the design of facilities and any other preparatory actions necessary for Pipeline to complete and file its certificate application(s) with the Commission. Prior to satisfaction of the conditions precedent set forth in Paragraph 8 of this Precedent Agreement (with the exception of 8(A)(vi)), Pipeline shall have the right, but not the obligation, to proceed with the necessary design of facilities, acquisition of materials, supplies, properties, rights-of-way and any other necessary preparations to implement the firm transportation service under the Service Agreement as contemplated in this Precedent Agreement.

7. Upon satisfaction of the conditions precedent set forth in Paragraphs 8(A)(i) through 8(A)(vi), inclusive, and 8(B) of this Precedent Agreement, or waiver of the same by Pipeline or Customer, as applicable, Pipeline shall proceed (subject to the continuing commitments of all customers executing precedent agreements and service agreements for service utilizing the firm transportation capacity to be made available by the Project) with due diligence to construct the authorized Project facilities and to implement the firm transportation service contemplated in this Precedent Agreement on or about November 1, 2003. Notwithstanding Pipeline's due diligence, if Pipeline is unable to commence the firm transportation service for Customer as contemplated herein by November 1, 2003, Pipeline will continue to proceed with due diligence to complete arrangements for such firm transportation service, and commence the firm transportation service for Customer at the earliest practicable date

thereafter. Pipeline will neither be liable nor will this Precedent Agreement or the Service Agreement be subject to cancellation if Pipeline is unable to complete the construction of such authorized Project facilities and commence the firm transportation service contemplated herein by November 1, 2003.

8. Commencement of service under the Service Agreement and Pipeline's and Customer's rights and obligations under the Service Agreement are expressly made subject to satisfaction of the following conditions precedent:

(A) Pipeline's (only Pipeline shall have the right to waive the conditions precedent set forth in Paragraph 8(A)):

- (i) receipt and acceptance by September 1, 2002, of all necessary certificates and authorizations from the Commission to construct, own, operate and maintain the Project facilities, as described in Pipeline's certificate application as it may be amended from time to time, necessary to provide the firm transportation service contemplated herein and in the Service Agreement and to charge the initial Section 7(c) rates requested, as contemplated in this Precedent Agreement;
- (ii) receipt of approval from its Management Committee or similar governing body to expend the capital necessary to construct the Project facilities;

- (iii) receipt of all necessary governmental authorizations, approvals, and permits required to construct the Project facilities necessary to provide the firm transportation service contemplated herein and in the Service Agreement other than those specified in Paragraph 8(A)(i);
  - (iv) procurement of all necessary rights-of-way easements or permits in form and substance acceptable to Pipeline;
  - (v) receipt of funding from banks or other financial institutions ("Project Lenders") in accordance with agreements governing the long-term financing for the development and construction of the Project facilities; and
  - (vi) completion of construction of the necessary Project facilities required to render firm transportation service for Customer pursuant to the Service Agreement and Pipeline being ready and able to place such facilities into gas service; and
- (B) Only Customer shall have the right to waive the conditions precedent set forth in Paragraph 8(B):
  - (i) Customer's receipt and acceptance by June 1, 2002, of all Customer's Authorizations.

Unless otherwise provided for herein, the Commission authorization(s) and approval(s) contemplated in Paragraph 1 of this Precedent Agreement must be issued in form and substance satisfactory to both Parties hereto. For the purposes of this Precedent Agreement, such Commission authorization(s) and approval(s) shall be deemed satisfactory if issued or granted in form and substance as requested, or if issued in a manner acceptable to Pipeline and such authorization(s) and approval(s), as issued, will not have, in Customer's sole and absolute discretion, not to be exercised in an unreasonable manner, a material adverse effect on Customer. Customer shall notify Pipeline in writing not later than fifteen (15) days after the issuance of the Commission certificate(s), authorization(s) and approval(s), including any order issued as a preliminary determination on non-environmental issues, contemplated in Paragraph 1 of this Precedent Agreement if such certificate(s), authorization(s) and approval(s) are not satisfactory to Customer. All other governmental authorizations, approvals, permits and/or exemptions must be issued in form and substance acceptable to Pipeline. All governmental approvals required by this Precedent Agreement must be duly granted by the Commission or other governmental agency or authority having jurisdiction, and must be final and no longer subject to rehearing or appeal; provided, however, Pipeline may waive the requirement that such authorization(s) and approval(s) be final and no longer subject to rehearing or appeal.

9. If Customer: (i) terminates this Precedent Agreement; (ii) otherwise fails to perform, in whole or in part, its duties and obligations hereunder; or (iii) during the term of this Precedent Agreement, interferes with or obstructs the receipt by Pipeline of

the authorizations and/or exemptions contemplated by this Precedent Agreement as requested by Pipeline and, as a result of such actions by Customer, Pipeline does not receive the authorizations and/or exemptions in form and substance as requested by Pipeline or does not receive such authorizations and/or exemptions at all, then Customer shall, at the option and election of Pipeline, reimburse Pipeline for Customer's proportionate share (as prorated based on initial MDTQs among all customers taking actions described in this Paragraph 9) of Pipeline's costs incurred, accrued, allocated to, or for which Pipeline is contractually obligated to pay in conjunction with its efforts to satisfy its obligations under this Precedent Agreement ("Pre-service Costs"). Pre-service Costs will include, but will not be limited to, those expenditures and/or costs incurred, accrued, allocated to, or for which Pipeline is contractually obligated to pay associated with engineering, construction, materials and equipment, environmental, regulatory, and/or legal activities, and internal overhead and administration and any other costs related to the firm service contemplated in this Precedent Agreement incurred in furtherance of Pipeline's efforts to satisfy its obligations under this Precedent Agreement. Customer's obligation to pay Pre-service Costs hereunder shall be limited to a maximum amount of one million dollars (\$1,000,000). Notwithstanding the foregoing, Customer acknowledges and agrees that Pipeline shall in no way be precluded from seeking recovery of additional amounts from Customer for losses or damages related to breach of contract. For breaches of contract that occur prior to thirty (30) days following the date on which the Commission issues an order granting Pipeline a certificate of public convenience and necessity to construct the Project



facilities, neither Party shall be liable to the other Party for incidental, consequential or punitive damages arising out of or in any way related to this Precedent Agreement.

10. If the conditions precedent set forth in Paragraph 8 of this Precedent Agreement, excluding the condition precedent set forth in Paragraph 8 (A)(vi), have not been fully satisfied, or waived by Pipeline, by the earlier of the applicable dates specified therein or March 1, 2005, and this Precedent Agreement has not been terminated pursuant to Paragraphs 11 or 12 of this Precedent Agreement, then either Pipeline or Customer may thereafter terminate this Precedent Agreement and the related Service Agreement by giving ninety (90) days prior written notice of its intention to terminate to the non-terminating Party; provided, however, if the conditions precedent are satisfied, or waived by Pipeline or Customer, as applicable, within such ninety (90) day notice period, then termination will not be effective.

11. In addition to the provisions of Paragraph 10 of this Precedent Agreement, Pipeline may terminate this Precedent Agreement at any time upon fifteen (15) days prior written notice to the other Party hereto if Pipeline, in its sole discretion, determines for any reason that the Project contemplated herein is no longer economically viable or if substantially all of the other precedent agreements, service agreements or other contractual arrangements for the firm service to be made available by the Project are terminated, other than by reason of commencement of service.

12. If this Precedent Agreement is not terminated pursuant to Paragraph 10 or 11 of this Precedent Agreement, then this Precedent Agreement will terminate by its

express terms on the date of commencement of service under the Service Agreement, as provided for in Paragraph 5 of this Precedent Agreement, and thereafter Pipeline's and Customer's rights and obligations related to the transportation transaction contemplated herein shall be determined pursuant to the terms and conditions of such Service Agreement and Pipeline's FERC Gas Tariff, as effective from time to time.

13. Customer commits that it can and will, promptly upon request by Pipeline, satisfy one of the following creditworthiness requirements:

(A) Customer (or any entity that guarantees Customer's obligations under the Service Agreement) has an investment grade rating for its long-term senior unsecured debt from Moody's Investors Service, Inc. of Baa3 or higher or from Standard & Poor's of BBB- or higher. In the event that Customer meets the requirement contained in the immediately preceding sentence initially, but is later downgraded below such investment grade rating, Customer will be required to meet one of the requirements in Paragraph 13(B).

(B) At any time and from time to time that Customer does not meet the requirements set forth in the first sentence of Paragraph 13(A), Customer will be accepted as creditworthy by Pipeline if (i) Pipeline determines that, notwithstanding the absence of an acceptable credit rating, the financial position of Customer (or an entity that guarantees Customer's obligations under the Service Agreement) is acceptable to Pipeline and its lenders, or (ii) Customer provides an irrevocable letter of credit or other

security in such amounts and with such other terms and conditions as shall be acceptable to Pipeline and its lenders.

(C) This Paragraph 13 shall survive the termination of the Precedent Agreement and shall remain in effect until the Service Agreement terminates in accordance with its terms.

14. This Precedent Agreement may not be modified or amended unless the Parties execute written agreements to that effect.

15. (A) Any company which succeeds by purchase, merger, or consolidation of title to the properties, substantially as an entirety, of Pipeline or Customer, will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Precedent Agreement. Otherwise, except with respect to Paragraph 15(B), neither Customer nor Pipeline may assign any of its rights or obligations under this Precedent Agreement without the prior written consent of the other Party hereto.

(B) Customer acknowledges and agrees that Pipeline shall have the right to assign, mortgage, or pledge all or any of its rights, interests, and benefits under this Precedent Agreement and/or the Service Agreement to secure payment of any indebtedness incurred or to be incurred in connection with the development and construction of the Project facilities. Customer shall provide to the Project Lenders such assurances and undertakings as they may require in connection with such assignment, so long as the terms thereof are reasonable and not contrary to market standard for

such assurances and undertakings and do not decrease Customer's rights or increase its obligations under the Precedent Agreement or the Service Agreement in any material manner.

16. Except as expressly provided for in this Precedent Agreement, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person not a Party hereto any rights, remedies or obligations under or by reason of this Precedent Agreement.

17. Each and every provision of this Precedent Agreement shall be considered as prepared through the joint efforts of the Parties and shall not be construed against either Party as a result of the preparation or drafting thereof. It is expressly agreed that no consideration shall be given or presumption made on the basis of who drafted this Precedent Agreement or any specific provision hereof.

18. The recitals and representations appearing first above are hereby incorporated in and made a part of this Precedent Agreement.

19. This Precedent Agreement shall be governed by, construed, interpreted, and performed in accordance with the laws of the Commonwealth of Massachusetts, without recourse to any laws governing the conflict of laws.

20. Except as herein otherwise provided, any notice, request, demand, statement, or bill provided for in this Precedent Agreement, or any notice which either Party desires to give to the other, must be in writing and will be considered duly

delivered when mailed by registered or certified mail to the other Party's Post Office address set forth below:

Pipeline: 1284 Soldiers Field Road  
Boston, Massachusetts 02135  
Attn: Vice President, Marketing

Customer: The Brooklyn Union Gas Company  
C/o KeySpan Utility Services, LLC  
100 East Old Country Road  
Hicksville, NY 11801  
Attn: Director, Gas Supply

or at such other address as either Party designates by written notice. Routine communications, including monthly statements, will be considered duly delivered when mailed by either registered, certified, or ordinary mail.

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed by their duly authorized officers as of the day and year first above written.

Islander East Pipeline Company, L.L.C.,  
by Duke Energy Islander East Pipeline Company, L.L.C.

By: Title: Sr. Vice President

The Brooklyn Union Gas Company,  
by its agent, KeySpan Utility  
Services, LLC

By: 

Title: \_\_\_\_\_

**Exhibit A**

<b><u>Service Year</u></b>	<b><u>MDTQ (Dth/day)</u></b>	
	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Year 1	49,500	49,500
Year 2	58,500	67,500
Year 3	75,500	92,250
Year 4	93,000	110,250
Year 5	112,000	132,750
Year 6	132,750	132,750
Year 7	132,750	132,750
Year 8	132,750	132,750
Year 9	132,750	132,750
Year 10	132,750	132,750

## PRECEDENT AGREEMENT

This PRECEDENT AGREEMENT ("Precedent Agreement") is made and entered into this 13<sup>th</sup> day of June, 2001, by and between Islander East Pipeline Company, L.L.C., a Delaware limited liability company ("Pipeline"), and KeySpan Gas East Corporation, d/b/a KeySpan Energy Delivery Long Island, a New York corporation ("Customer"). Pipeline and Customer are sometimes referred to herein individually as a ("Party"), or collectively as the ("Parties").

### WITNESSETH:

WHEREAS, Pipeline proposes to construct an interstate natural gas transmission system, extending from an interconnection with the pipeline facilities of Algonquin Gas Transmission Company ("Algonquin") in Connecticut across the Long Island Sound to Wading River, New York, and from Wading River to Brookhaven, Calverton and other points on Long Island (the "Project");

WHEREAS, from January 29, 2001 to February 28, 2001, Pipeline conducted an open season during which interested parties submitted nominations to participate in the Project;

WHEREAS, Customer submitted a nomination during the open season and desires to obtain firm transportation service from Pipeline as part of the Project for certain quantities of Customer's natural gas; and



WHEREAS, subject to the terms and conditions of this Precedent Agreement, Pipeline is willing to endeavor to construct the Project and provide the firm transportation service Customer desires;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound, Pipeline and Customer agree to the following:

1. Subject to the terms and conditions of this Precedent Agreement, Pipeline shall proceed with due diligence to obtain from all governmental and regulatory authorities having competent jurisdiction over the premises, including, but not limited to, the Federal Energy Regulatory Commission ("FERC" or "Commission"), the authorizations and/or exemptions Pipeline determines are necessary: (i) for Pipeline to construct, own, operate, and maintain the Project facilities necessary to provide the firm transportation service contemplated herein; and (ii) for Pipeline to perform its obligations as contemplated in this Precedent Agreement. Pipeline reserves the right to file and prosecute any and all applications for such authorizations and/or exemptions, any supplements or amendments thereto, and, if necessary, any court review, in a manner it deems to be in its best interest. During the term of this Precedent Agreement, Customer expressly agrees to support and cooperate with, and to not oppose, obstruct or otherwise interfere with in any manner whatsoever, the efforts of Pipeline to obtain all authorizations and/or exemptions and supplements and amendments thereto necessary for Pipeline to construct, own, operate, and maintain the Project facilities and to provide the firm transportation service contemplated in this Precedent Agreement and to

perform its obligations as contemplated by this Precedent Agreement. Provided, however, that nothing herein shall prevent Customer from protesting any regulatory filings contemplated by this Paragraph 1 that may be inconsistent with this Precedent Agreement.

2. Within ninety (90) days after execution of this Precedent Agreement, Customer will advise Pipeline in writing of: (i) any facilities which Customer must construct, or cause to be constructed, in order for Customer to utilize the firm transportation service contemplated in this Precedent Agreement; and (ii) any necessary governmental, contractual and/or regulatory authorizations, approvals, certificates, permits and/or exemptions associated with the facilities identified pursuant to (i) above ("Customer's Authorizations").

3. Subject to the terms and conditions of this Precedent Agreement, Customer shall proceed with due diligence to obtain Customer's Authorizations. Customer reserves the right to file and prosecute applications for Customer's Authorizations, and, if necessary, any court review, in a manner it deems to be in its best interest; provided, however, Customer shall pursue Customer's Authorizations in a manner designed to implement the firm transportation service contemplated herein in a timely manner. Pipeline agrees to use reasonable efforts to assist Customer in obtaining Customer's Authorizations. Customer agrees to promptly notify Pipeline in writing when each of the required authorizations, approvals and/or exemptions are received, obtained, rejected or denied. Customer shall also promptly notify Pipeline in

writing as to whether any such authorizations, approvals, and/or exemptions received or obtained are acceptable to Customer.

4. To effectuate the firm transportation service contemplated herein, Customer and Pipeline agree to execute, within thirty (30) days after the date on which the Commission issues an order granting Pipeline a certificate of public convenience and necessity to construct the Project facilities, a firm transportation service agreement under Pipeline's proposed year-round firm service rate schedule on file with the Commission ("Service Agreement") which: (i) specifies a Maximum Daily Transportation Quantity ("MDTQ") for each year of the primary term as set forth in Exhibit A hereto (such changes to the MDTQ to be specified by Customer in writing at least six (6) months prior to the effective date of the change) (such quantities are exclusive of fuel requirements); (ii) specifies a primary term of ten (10) years; (iii) specifies a point of receipt at the proposed interconnection between Pipeline's facilities and Algonquin's pipeline facilities in Connecticut and points of delivery (aa) at the proposed interconnection between Pipeline's facilities and Customer's facilities at or near Wading River, New York (with a minimum delivery pressure of 350 psig at such delivery point), (bb) at the proposed interconnection between Pipeline's facilities and Customer's facilities at or near Brookhaven, New York (with a minimum delivery pressure of 350 psig at such delivery point), and (cc) any other mutually agreeable points; and (iv) permits Customer (aa) to assign, any time prior to the Service Commencement Date, or (bb) to release, any time after the Service Commencement Date (under Pipeline's then-effective capacity release provisions of its FERC Gas Tariff), all or any portion of such Service Agreement to any of its local gas distribution

company affiliates (provided that Customer shall not be permanently discharged from its obligations under the Service Agreement, unless the assignee (or its guarantor) or replacement shipper (or its guarantor), as applicable, has an investment grade credit rating for its long-term senior unsecured debt from a recognized rating agency, or Pipeline otherwise determines, in its reasonable discretion, that the assignee or replacement shipper, as applicable, is sufficiently creditworthy to satisfy the assigned/released obligations). Service under the Service Agreement shall be subject to an NGA Section 7(c) initial rate (unless Pipeline and Customer mutually agree upon a negotiated or discounted rate), plus fuel retainage and all applicable surcharges. Service pursuant to the Service Agreement will commence on the date specified by Pipeline in its written notice to Customer pursuant to Paragraph 5 of this Precedent Agreement.

5. Upon satisfaction or waiver of all the conditions precedent set forth in Paragraph 8 of this Precedent Agreement, Pipeline shall notify Customer of such fact, and that service under the Service Agreement will commence on a date certain, which date will be the later of: (i) November 1, 2003; or (ii) the date that all of the conditions precedent set forth in Paragraph 8 of this Precedent Agreement are satisfied or waived. On and after the date on which Pipeline has notified Customer that service under the Service Agreement will commence, Pipeline will stand ready to provide firm transportation service for Customer pursuant to the terms of the Service Agreement and Customer will pay Pipeline for all applicable charges associated with the Service Agreement.

6. Pipeline will undertake the design of facilities and any other preparatory actions necessary for Pipeline to complete and file its certificate application(s) with the Commission. Prior to satisfaction of the conditions precedent set forth in Paragraph 8 of this Precedent Agreement (with the exception of 8(A)(vi)), Pipeline shall have the right, but not the obligation, to proceed with the necessary design of facilities, acquisition of materials, supplies, properties, rights-of-way and any other necessary preparations to implement the firm transportation service under the Service Agreement as contemplated in this Precedent Agreement.

7. Upon satisfaction of the conditions precedent set forth in Paragraphs 8(A)(i) through 8(A)(vi), inclusive, and 8(B) of this Precedent Agreement, or waiver of the same by Pipeline or Customer, as applicable, Pipeline shall proceed (subject to the continuing commitments of all customers executing precedent agreements and service agreements for service utilizing the firm transportation capacity to be made available by the Project) with due diligence to construct the authorized Project facilities and to implement the firm transportation service contemplated in this Precedent Agreement on or about November 1, 2003. Notwithstanding Pipeline's due diligence, if Pipeline is unable to commence the firm transportation service for Customer as contemplated herein by November 1, 2003, Pipeline will continue to proceed with due diligence to complete arrangements for such firm transportation service, and commence the firm transportation service for Customer at the earliest practicable date thereafter. Pipeline will neither be liable nor will this Precedent Agreement or the Service Agreement be subject to cancellation if Pipeline is unable to complete the

construction of such authorized Project facilities and commence the firm transportation service contemplated herein by November 1, 2003.

8. Commencement of service under the Service Agreement and Pipeline's and Customer's rights and obligations under the Service Agreement are expressly made subject to satisfaction of the following conditions precedent:

(A) Pipeline's (only Pipeline shall have the right to waive the conditions precedent set forth in Paragraph 8(A)):

- (i) receipt and acceptance by September 1, 2002, of all necessary certificates and authorizations from the Commission to construct, own, operate and maintain the Project facilities, as described in Pipeline's certificate application as it may be amended from time to time, necessary to provide the firm transportation service contemplated herein and in the Service Agreement and to charge the initial Section 7(c) rates requested, as contemplated in this Precedent Agreement;
- (ii) receipt of approval from its Management Committee or similar governing body to expend the capital necessary to construct the Project facilities;
- (iii) receipt of all necessary governmental authorizations, approvals, and permits required to construct the Project facilities necessary to provide the firm transportation service contemplated herein and in

the Service Agreement other than those specified in Paragraph 8(A)(i);

- (iv) procurement of all necessary rights-of-way easements or permits in form and substance acceptable to Pipeline;
  - (v) receipt of funding from banks or other financial institutions ("Project Lenders") in accordance with agreements governing the long-term financing for the development and construction of the Project facilities; and
  - (vi) completion of construction of the necessary Project facilities required to render firm transportation service for Customer pursuant to the Service Agreement and Pipeline being ready and able to place such facilities into gas service; and
- (B) Only Customer shall have the right to waive the conditions precedent set forth in Paragraph 8(B):
- (i) Customer's receipt and acceptance by June 1, 2002, of all Customer's Authorizations; and,

Unless otherwise provided for herein, the Commission authorization(s) and approval(s) contemplated in Paragraph 1 of this Precedent Agreement must be issued in form and substance satisfactory to both Parties hereto. For the purposes of this Precedent Agreement, such Commission authorization(s) and approval(s) shall be

deemed satisfactory if issued or granted in form and substance as requested, or if issued in a manner acceptable to Pipeline and such authorization(s) and approval(s), as issued, will not have, in Customer's sole and absolute discretion, not to be exercised in an unreasonable manner, a material adverse effect on Customer. Customer shall notify Pipeline in writing not later than fifteen (15) days after the issuance of the Commission certificate(s), authorization(s) and approval(s), including any order issued as a preliminary determination on non-environmental issues, contemplated in Paragraph 1 of this Precedent Agreement if such certificate(s), authorization(s) and approval(s) are not satisfactory to Customer. All other governmental authorizations, approvals, permits and/or exemptions must be issued in form and substance acceptable to Pipeline. All governmental approvals required by this Precedent Agreement must be duly granted by the Commission or other governmental agency or authority having jurisdiction, and must be final and no longer subject to rehearing or appeal; provided, however, Pipeline may waive the requirement that such authorization(s) and approval(s) be final and no longer subject to rehearing or appeal.

9. If Customer: (i) terminates this Precedent Agreement for any reason; (ii) otherwise fails to perform, in whole or in part, its duties and obligations hereunder; or (iii) during the term of this Precedent Agreement, interferes with or obstructs the receipt by Pipeline of the authorizations and/or exemptions contemplated by this Precedent Agreement as requested by Pipeline and, as a result of such actions by Customer, Pipeline does not receive the authorizations and/or exemptions in form and substance as requested by Pipeline or does not receive such authorizations and/or exemptions at all, then Customer shall, at the option and election of Pipeline, reimburse Pipeline for



Customer's proportionate share (as prorated based on initial MDTQs among all customers taking actions described in this Paragraph 9) of Pipeline's costs incurred, accrued, allocated to, or for which Pipeline is contractually obligated to pay in conjunction with its efforts to satisfy its obligations under this Precedent Agreement ("Pre-service Costs"). Pre-service Costs will include, but will not be limited to, those expenditures and/or costs incurred, accrued, allocated to, or for which Pipeline is contractually obligated to pay associated with engineering, construction, materials and equipment, environmental, regulatory, and/or legal activities, and internal overhead and administration and any other costs related to the firm service contemplated in this Precedent Agreement incurred in furtherance of Pipeline's efforts to satisfy its obligations under this Precedent Agreement. Customer's obligation to pay Pre-service Costs hereunder shall be limited to a maximum amount of one million dollars (\$1,000,000). Notwithstanding the foregoing, Customer acknowledges and agrees that Pipeline shall in no way be precluded from seeking recovery of additional amounts from Customer for losses or damages related to breach of contract. For breaches of contract that occur prior to thirty (30) days following the date on which the Commission issues an order granting Pipeline a certificate of public convenience and necessity to construct the Project facilities, neither Party shall be liable to the other Party for incidental, consequential or punitive damages arising out of or in any way related to this Precedent Agreement.

10. If the conditions precedent set forth in Paragraph 8 of this Precedent Agreement, excluding the condition precedent set forth in Paragraph 8 (A)(vi), have not been fully satisfied, or waived by Pipeline, by the earlier of the applicable dates

specified therein or March 1, 2005, and this Precedent Agreement has not been terminated pursuant to Paragraphs 11 or 12 of this Precedent Agreement, then either Pipeline or Customer may thereafter terminate this Precedent Agreement and the related Service Agreement by giving ninety (90) days prior written notice of its intention to terminate to the non-terminating Party; provided, however, if the conditions precedent are satisfied, or waived by Pipeline or Customer, as applicable, within such ninety (90) day notice period, then termination will not be effective.

11. In addition to the provisions of Paragraph 10 of this Precedent Agreement, Pipeline may terminate this Precedent Agreement at any time upon fifteen (15) days prior written notice to the other Party hereto if Pipeline, in its sole discretion, determines for any reason that the Project contemplated herein is no longer economically viable or if substantially all of the other precedent agreements, service agreements or other contractual arrangements for the firm service to be made available by the Project are terminated, other than by reason of commencement of service.

12. If this Precedent Agreement is not terminated pursuant to Paragraph 10 or 11 of this Precedent Agreement, then this Precedent Agreement will terminate by its express terms on the date of commencement of service under the Service Agreement, as provided for in Paragraph 5 of this Precedent Agreement, and thereafter Pipeline's and Customer's rights and obligations related to the transportation transaction contemplated herein shall be determined pursuant to the terms and conditions of such Service Agreement and Pipeline's FERC Gas Tariff, as effective from time to time.

13. Customer commits that it can and will, promptly upon request by Pipeline, satisfy one of the following creditworthiness requirements:

(A) Customer (or any entity that guarantees Customer's obligations under the Service Agreement) has an investment grade rating for its long-term senior unsecured debt from Moody's Investors Service, Inc. of Baa3 or higher or from Standard & Poor's of BBB- or higher. In the event that Customer meets the requirement contained in the immediately preceding sentence initially, but is later downgraded below such investment grade rating, Customer will be required to meet one of the requirements in Paragraph 13(B).

(B) At any time and from time to time that Customer does not meet the requirements set forth in the first sentence of Paragraph 13(A), Customer will be accepted as creditworthy by Pipeline if (i) Pipeline determines that, notwithstanding the absence of an acceptable credit rating, the financial position of Customer (or an entity that guarantees Customer's obligations under the Service Agreement) is acceptable to Pipeline and its lenders, or (ii) Customer provides an irrevocable letter of credit or other security in such amounts and with such other terms and conditions as shall be acceptable to Pipeline and its lenders.

(C) This Paragraph 13 shall survive the termination of the Precedent Agreement and shall remain in effect until the Service Agreement terminates in accordance with its terms.

14. This Precedent Agreement may not be modified or amended unless the Parties execute written agreements to that effect.

15. (A) Any company which succeeds by purchase, merger, or consolidation of title to the properties, substantially as an entirety, of Pipeline or Customer, will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Precedent Agreement. Otherwise, except with respect to Paragraph 15(B), neither Customer nor Pipeline may assign any of its rights or obligations under this Precedent Agreement without the prior written consent of the other Party hereto.

(B) Customer acknowledges and agrees that Pipeline shall have the right to assign, mortgage, or pledge all or any of its rights, interests, and benefits under this Precedent Agreement and/or the Service Agreement to secure payment of any indebtedness incurred or to be incurred in connection with the development and construction of the Project facilities. Customer shall provide to the Project Lenders such assurances and undertakings as they may require in connection with such assignment, so long as the terms thereof are reasonable and not contrary to market standard for such assurances and undertakings and do not decrease Customer's rights or increase its obligations under the Precedent Agreement or the Service Agreement in any material manner.

16. Except as expressly provided for in this Precedent Agreement, nothing herein expressed or implied is intended or shall be construed to confer upon or give to

any person not a Party hereto any rights, remedies or obligations under or by reason of this Precedent Agreement.

17. Each and every provision of this Precedent Agreement shall be considered as prepared through the joint efforts of the Parties and shall not be construed against either Party as a result of the preparation or drafting thereof. It is expressly agreed that no consideration shall be given or presumption made on the basis of who drafted this Precedent Agreement or any specific provision hereof.

18. The recitals and representations appearing first above are hereby incorporated in and made a part of this Precedent Agreement.

19. This Precedent Agreement shall be governed by, construed, interpreted, and performed in accordance with the laws of the Commonwealth of Massachusetts, without recourse to any laws governing the conflict of laws.

20. Except as herein otherwise provided, any notice, request, demand, statement, or bill provided for in this Precedent Agreement, or any notice which either Party desires to give to the other, must be in writing and will be considered duly delivered when mailed by registered or certified mail to the other Party's Post Office address set forth below:

Pipeline: 1284 Soldiers Field Road  
Boston, Massachusetts 02135  
Attn: Vice President, Marketing

Customer:            KeySpan Gas East Corporation  
                         C/o KeySpan Utility Services, LLC  
                         100 East Old Country Road  
                         Hicksville, NY 11801  
                         Attn: Director, Gas Supply

or at such other address as either Party designates by written notice. Routine communications, including monthly statements, will be considered duly delivered when mailed by either registered, certified, or ordinary mail.

IN WITNESS WHEREOF, the Parties hereto have caused this Precedent Agreement to be duly executed by their duly authorized officers as of the day and year first above written.

Islander East Pipeline company, L.L.C.,  
by Duke Energy Islander East Pipeline Company, L.L.C.

By:



Title:

Sr. Vice President

KeySpan Gas East Corporation, by  
its agent, KeySpan Utility Services,  
LLC

By:



Title:

**Exhibit A**

<b><u>Service Year</u></b>	<b><u>MDTQ (Dth/day)</u></b>	
	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Year 1	60,500	60,500
Year 2	71,500	82,500
Year 3	92,000	112,750
Year 4	114,000	134,750
Year 5	138,000	162,250
Year 6	162,250	162,250
Year 7	162,250	162,250
Year 8	162,250	162,250
Year 9	162,250	162,250
Year 10	162,250	162,250



## PRECEDENT AGREEMENT

This PRECEDENT AGREEMENT ("Precedent Agreement") is made and entered into this 13<sup>th</sup> day of June, 2001, by and between Islander East Pipeline Company, L.L.C., a Delaware limited liability company ("Pipeline"), and Brookhaven Energy, Limited Partnership, a Delaware limited partnership with a principal place of business at 65 Boston Post Road West, Marlborough, MA, 01752 ("Customer"). Pipeline and Customer are sometimes referred to herein individually as a ("Party"), or collectively as the ("Parties").

### WITNESSETH:

WHEREAS, Pipeline proposes to construct an interstate natural gas transmission system, extending from an interconnection with the pipeline facilities of Algonquin Gas Transmission Company ("Algonquin") in Connecticut across the Long Island Sound to Wading River, New York, and from Wading River to Brookhaven, Calverton and other points on Long Island (the "Project");

WHEREAS, Customer intends to construct a 580MW electric generating station located in Brookhaven, New York (the "Brookhaven Plant");

WHEREAS, Customer intends to enter into arrangements to procure a natural gas supply for the Brookhaven Plant;

WHEREAS, from January 29, 2001 to February 28, 2001, Pipeline conducted an open season during which interested parties submitted nominations to participate in the Project;

WHEREAS, Customer submitted a nomination during the open season and desires to obtain firm transportation service from Pipeline as part of the Project for certain quantities of Customer's natural gas that Customer intends to utilize at its proposed electric generating facility to be located in the Brookhaven, New York area;

WHEREAS, Pipeline intends to construct the necessary pipeline laterals and interconnections to the Brookhaven Plant; and

WHEREAS, subject to the terms and conditions of this Precedent Agreement, Pipeline is willing to endeavor to construct the Project and provide the firm transportation service Customer desires.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and intending to be legally bound, Pipeline and Customer agree to the following:

1. Subject to the terms and conditions of this Precedent Agreement, Pipeline shall proceed with due diligence to obtain from all governmental and regulatory authorities having competent jurisdiction over the premises, including, but not limited to, the Federal Energy Regulatory Commission ("FERC" or "Commission"), the authorizations and/or exemptions Pipeline determines are necessary: (i) for Pipeline to construct, own, operate, and maintain the Project facilities necessary to provide the firm transportation service contemplated herein; and (ii) for Pipeline to perform its obligations as contemplated in this Precedent Agreement. Pipeline reserves the right to file and prosecute any and all applications for such authorizations and/or exemptions, any supplements or amendments thereto, and, if necessary, any court review, in a manner it